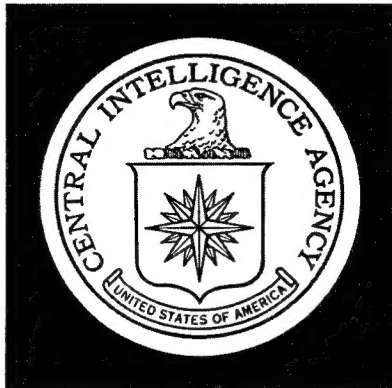


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DIRECTORATE OF
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1. BURMA

General Ne Win's apparent decision to seek substantial amounts of advanced military equipment from the United States marks a departure from his carefully plotted course between Communist China and the US.

In the past Burma has purchased modest amounts of surplus American equipment at reduced prices. Acquisition of the equipment now being discussed with American officials in Rangoon, however, would be considerably more provocative to Peking, which would view this as the first step in a major expansion of US influence in Burma.

Important factors behind Ne Win's seeming willingness to risk a deterioration in relations with Peking probably include concern over the possible implications for Burma's security of the internal upheaval now engulfing China, and a desire to increase Burma's ability to deal with what appears to be a growing insurgency threat, particularly in the Irrawaddy Delta.

Burmese approaches for American equipment are still in the preliminary stage. It is possible that the Burmese shopping list will be pared considerably in the course of negotiations. A significant upsurge of activities by Chinese Nationalist irregulars in the Burma border area would almost certainly cause Ne Win to back off.

If the United States agrees to provide Burma with much of the equipment now under consideration, Rangoon will probably request especially advantageous terms, because Burma lacks the financial resources to pay prevailing prices for such items.

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2. CONGO (KINSHASA)

As the Congo's dispute with Union Miniere drags on, the country is approaching a serious economic crisis.

Union Miniere halted its foreign exchange payments of an estimated \$25 million a month in late December 1966, and the country's reserves are now exhausted. Consumer goods are also depleted, and Belgian businessmen say that food shortages will occur this week in the politically sensitive Kinshasa area. Industrial goods should begin to run out soon, and stocks of most mining supplies are sufficient only for a month or so. Continuation of these shortages could lead to food riots and political repercussions for the Mobutu regime.

Although Mobutu has made a number of concessions, Union Miniere so far has shown little inclination to come to terms. Without a settlement, Union Miniere could probably hamper the Congo's search for both markets and credit by clouding the title to the copper produced--now valued at roughly \$50 million--since Congolese seizure of company property in January.

A consortium comprising Belgian financial interests and the two companies mining copper in Zambia allegedly agreed recently to mine and market the Congo's copper. Even this consortium, however, would probably be unable to overcome the obstacles posed by Union Miniere's threat of legal action.

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3. DOMINICAN REPUBLIC

The Dominican Government's heavy-handed roundup of "enemies of the state" on 22 and 23 January has encouraged political criticism of President Balaguer and seems likely to promote unity among opposition elements.

Leaders of non-Communist left-wing parties as well as Communists were among the several hundred individuals detained. Most of them have now been released, but the government refuses to divulge the details of the alleged conspiracy that ostensibly triggered the arrests.

There have been indications that some left- and right-wing opponents of the regime have had tentative joint discussions of possible antigovernment moves. It is doubtful, however, that this has gone beyond the talking stage [redacted]

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[redacted] Nevertheless, President Balaguer apparently felt that coup rumors had reached the point where potential conspirators had to be warned that the regime was prepared to move quickly against them.

Opposition groups predictably reacted with strong criticism of the regime, charging that the detentions were a return to the tactics of the Trujillo era. The left-of-center Dominican Revolutionary Party has publicly declared it will not support Balaguer in the event of a coup attempt. The more moderate Revolutionary Social Christian Party has threatened that it will abandon its "constructive opposition" if the regime does not cease its arbitrary actions.

Adding to the tension has been the forced retirement or reassignment of a number of military officers, none of whom was in fact known to be plotting. Some of them had fought with the rebels in 1965 and others were incompetent.

Balaguer retains the apparent support of the armed services, although on 23 January he publicly admitted that some "insignificant" dissidence exists in military ranks. [redacted]

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4. VENEZUELA

Subsurface tension within the Venezuelan military and between military groups and civilian government leaders seems to be increasing.

Close civilian-military cooperation during the mid-December crackdown on Communism did not resolve the long-standing, low-key discontent, and there are still vague rumblings within the military, especially among officers in the middle and junior grades.

One of their complaints is that the armed forces lack strong, professionally competent leadership from the top, for which they tend to blame the Leoni administration and minister of defense General Gomez. There is also widespread feeling among these officers that the government does not adequately support the campaign against Castro-inspired insurgency.

Urban terrorism has not been a problem since the mid-December crackdown, but rural guerrilla units are again active in several widely separated areas. In some places peasants apparently are becoming more sympathetic toward the guerrillas, while lack of success in counterguerrilla operations has led to frustration among the military. There is also reason to fear that current guerrilla units are better armed, better trained, better led, and generally more professional than earlier groups.

There are numerous factors of stability in the over-all situation, such as a prosperous economy and a reasonably enlightened group of civilian politicians. Unless civilian government leaders regain the confidence of the military soon, however, the situation is likely to worsen to the point where a relatively small catalyst could trigger an attempt by the military to take over.

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